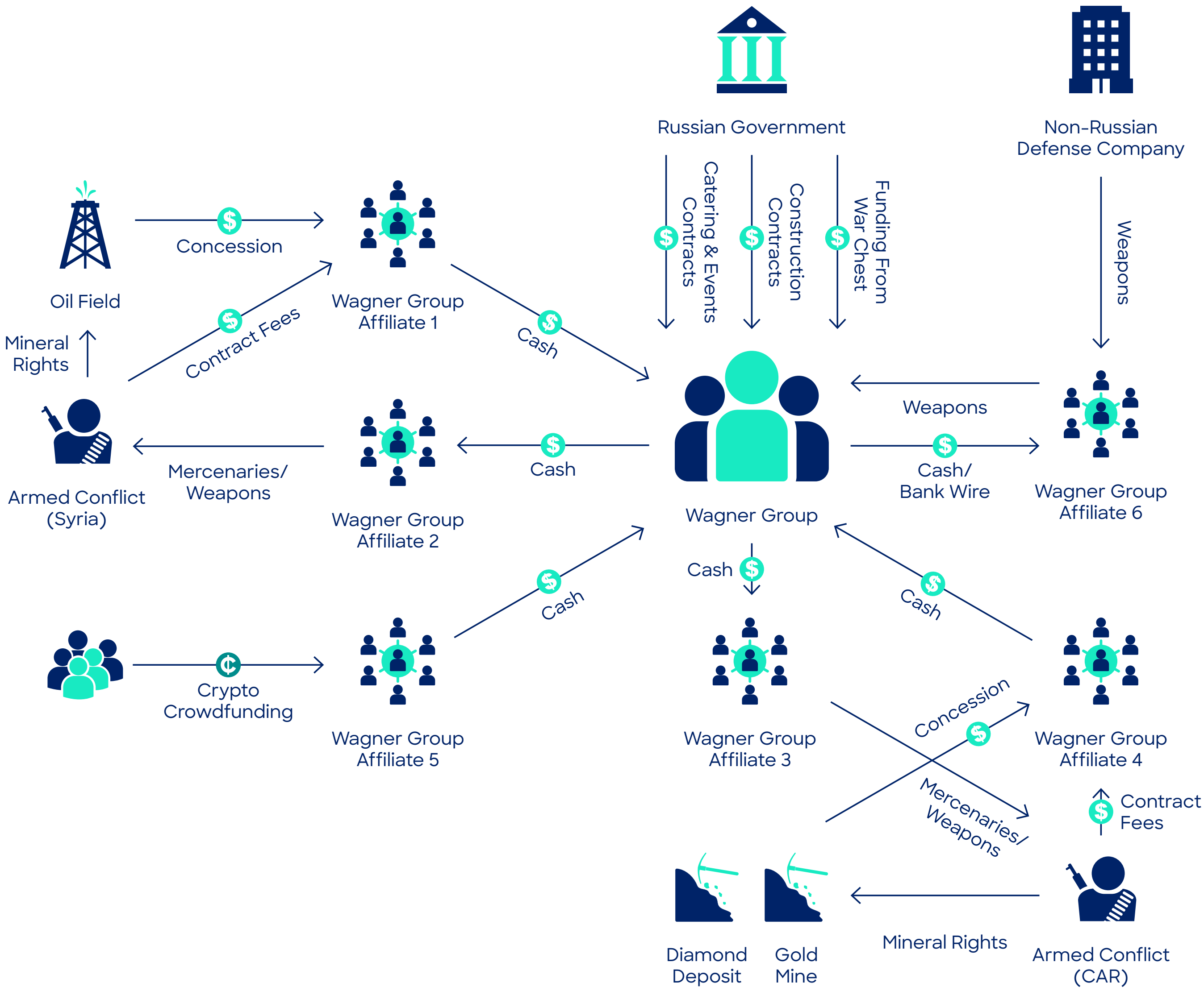
Russia Sanctions Evasion: Key Methods and Techniques – Part 2

Last updated: June 20, 2023

For information on how to access our sanctions training and resources, including masterclasses, monthly updates, and podcasts, click **here**.

As international sanctions and economic pressure against Russia continues to escalate in 2023, there is a significant focus on targeting those who evade or facilitate the evasion of sanctions. In the March 2023 **AFC Briefing – Russia Sanctions Evasion: Planning Assumptions,** ACAMS provides an overview of trends, techniques, and planning assumptions that reflect consolidated insights and themes discussed through various forums, including expert level roundtable discussions, webinars, events and conferences. Read the Executive Summary **here**.

Use of Private Military Companies (PMCs) for Sanctions Evasion: The Case of the Wagner Group



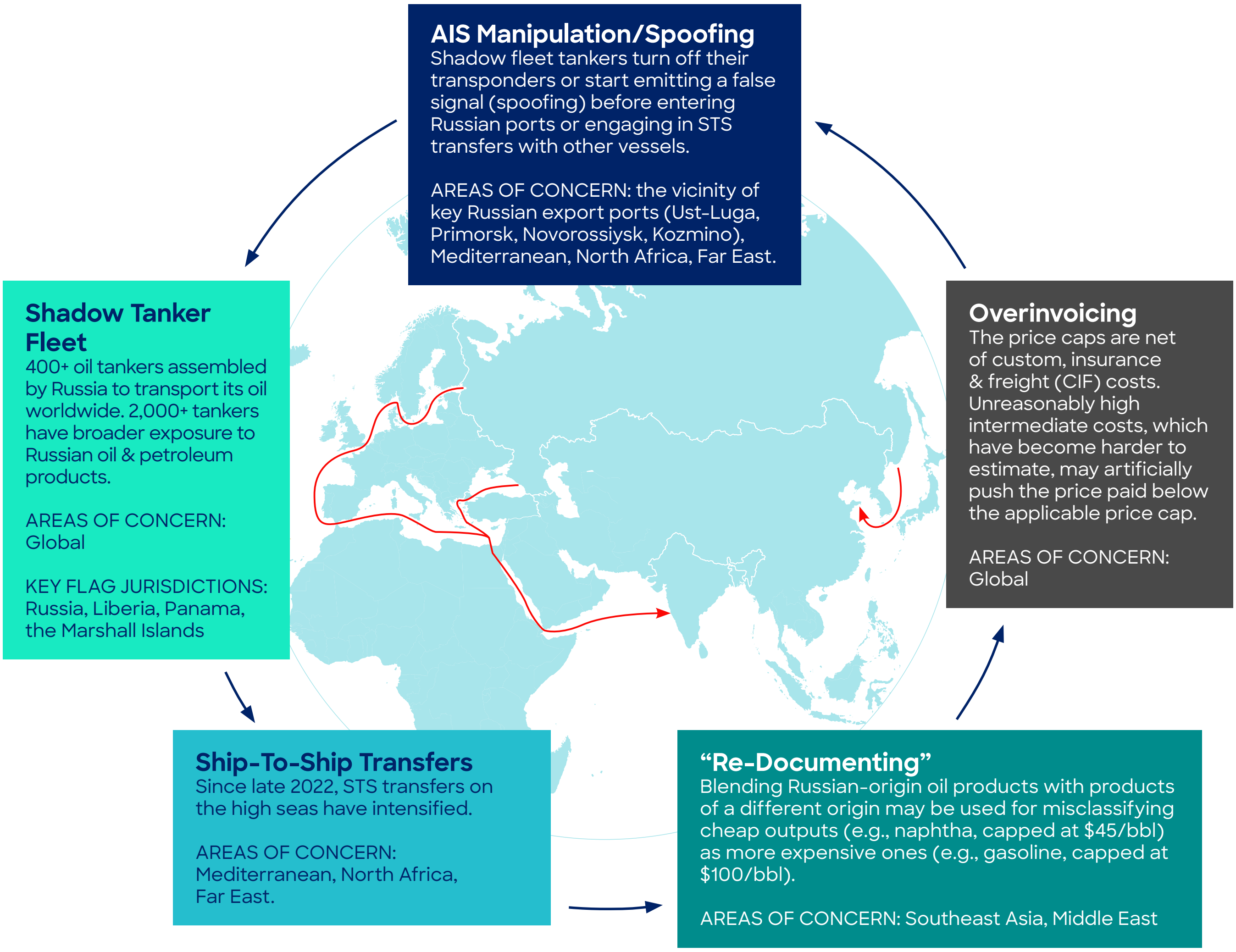
The Wagner Group, or PMC ("private military company") Wagner, is a loose network of 100+ entities centered around Russian-based Concord Management and Consulting LLC, Concord Invest LLC, and Concord Catering LLC – all ultimately controlled by Yevgeny Prigozhin. Founded in 2014, the group has since grown from fewer than 500 mercenaries to 50,000+. According to extensive public reporting, it has been active, inter alia, in Syria, Sudan, Libya, the Central African Republic, Venezuela, Mali, Madagascar, and Mozambique. The group has also been deployed, on behalf of the Russian state, in eastern Ukraine since 2014 – and especially so since February 2022.

Since 2017, the Wagner Group has been designated by the US Treasury under four distinct sanctions authorities, most recently in January 2023 as a transnational criminal organization. It has also been sanctioned by the EU, the UK, Australia, Canada, and Japan. The sanctions relate to the numerous instances of human rights abuse committed by the group since its inception, in addition to the instrumental role the Wagner Group has played in the ongoing Russian invasion of Ukraine.

Circumvention of Commodity Bans: The Case of the G7/EU/Australia Price Caps on Russian Oil & Petroleum Products

In December 2022, the Oil Price Cap Coalition – which includes the US, UK, EU, Canada, Japan, and Australia – enacted a $60/bbl price cap on seaborne Russian-origin crude oil, followed as of February 2023 by two other price caps on discount-to-crude and premium-to-crude seaborne Russian-origin petroleum products, currently at $45/bbl and $100/bbl, respectively. The purpose of the caps is twofold: limiting Russia's revenue from core energy exports and simultaneously ensuring the continued supply of Russian hydrocarbons to the global market, namely by authorizing G7/EU/Australian operators to continue providing maritime transportation, financing, and technical assistance services only if the oil and petroleum products are sold below the relevant price caps.

To date, all Oil Price Coalition members, except Japan, have embargoed the import of both crude and oil products originating from Russia. Whereas prior to February 2022 Russia supplied over half of its oil and refined petroleum products to wider Europe, the current top buyers of these hydrocarbons are India, China, and Turkey.



This information has been reviewed and is believed to be accurate as of the time of publication. ACAMS cautions that current events remain fluid and dynamic. Any developments after the time of publication may impact the accuracy of this information. ACAMS is under no obligation to update this information. The content contained herein is for general information purposes only. This information should not be considered as legal, tax, or business advice nor should it be relied upon as such. Please consult your legal, tax and business advisors with any questions regarding the application of this information to your individual circumstances.